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# **Recreation and Tourism Development Through Federal Programs**

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**U.S. DEPARTMENT OF COMMERCE  
Area Redevelopment Administration**

## **Participation**

Responsibility for the preparation of this statement rests with the Ad Hoc Committee on Tourism of the Interagency Policy Committee of the Area Redevelopment Advisory Policy Board.

The following Federal departments and agencies contributed information on recreation aspects of their respective programs:

- Department of Agriculture
- Department of the Army
- Department of Commerce
- Department of the Interior
- Housing and Home Finance Agency
- Small Business Administration
- Tennessee Valley Authority

## FOREWORD

Conservation and development of the Nation's outdoor recreation base has long been a concern of the Federal Government. In recent years Congress has broadened the authority of Federal agencies to develop recreation facilities in response to rapidly increasing pressures for recreational use of land and water areas originally set aside largely for other purposes. Recreation is now widely recognized as a primary purpose in multiple-use programs and, as such, is given full consideration together with other purposes.

The economic impact of Federal recreation programs is assuming new importance as a fast-growing population, with increased mobility, rising income and more leisure time, puts heavier demands upon limited recreation facilities. Congress has recognized the significance of these economic factors in widening the authority of Federal agencies to extend loans, grants, and technical aid for recreation and travel facilities that help to stimulate income and employment.

This statement reviews the growing significance of Federal programs and policies that are related to the development of recreation resources either as part of the Nation's recreation base or as an important element in multi-purpose land and water development programs. Further, it examines the economic impact of such recreation programs and related Federal investments in recreation-travel facilities, with particular attention to the potential effects on income and new employment in certain regions, States, and local areas.

William L. Batt, Jr., *Administrator*  
Area Redevelopment Administration

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# Recreation and Tourism Development Through Federal Programs

## GROWTH OF RECREATION AND TOURISM IN THE UNITED STATES

### **Growing Demand for Recreation-Travel Facilities**

There can be no doubt about the growing demand. Whatever standard of measurement is used—visits to national parks and forests, tourist and travel expenditures, or number of fishing and hunting licenses—the evidence is clear that Americans continue to demand more recreation resources and facilities than ever before.

The dimensions of this recreation-oriented consumer demand are amply documented in source materials that are familiar enough to require no detailed review here. Basic demand and supply data compiled by the Outdoor Recreation Resources Review Commission between 1960 and 1962 have been supplemented since then by Federal, State, and private industry reports that generally confirm the ORRRC findings:

- A surging demand for virtually all forms of recreation
- Growth rates in indices of recreational activity that generally exceed the rise in population
- Increasing pressures on a limited supply of recreation resources and facilities—pressures that are becoming more acute in areas of population concentration and greatest need.

The implications of these trends are of great significance to Federal and State agencies concerned with the effective development of land and water areas possessing recreation potential. They are equally important to government and private economic development organizations, and to all those concerned about the economic impact of this surging demand: Transportation and travel industries, food and lodging enterprises, big business and little business, bankers, farmers, land owners, and many others who buy or sell services demanded by the American tourist and recreation seeker.

### **Factors Contributing to Growth of Recreation**

The basic factors are a rapidly expanding population, increasing leisure, rising levels of income, better transportation and greater mobility. Together with wider education and the expansion of urban living, these factors are contributing to the satisfaction of more consumer demands and creating new consumer values and tastes.

A primary element is the fact that income is increasing faster than the growing population—with a larger percentage of the consumer's budget going into recreation and travel. Recreation and transportation accounted for almost 18 percent of personal consumption expenditures in 1959, and these items are expected to account for more than 20 percent of the consumer's budget by the year 2000. With more free time and higher incomes, more Americans will be able to afford the kinds of recreation that have been beyond their reach in the past—as, for example, boating in summer, skiing in winter, and traveling to new places the year 'round.

### **Future Demands for Recreation Facilities**

Present surging demands for recreation, according to the ORRRC reports, are only a foretaste of what is to come. The population is expected to almost double by the end of the century—from 180 million in 1960 to about 350 million in the year 2000. During the same period, disposable consumer income is expected to rise from \$345 billion in 1960 to \$706 billion by 1976, and \$1,437 billion by 2000.

Many more people are moving into higher income brackets. In 1957 about 14 percent of family consumer units had incomes of \$10,000 and over; it is estimated that by 1976, the proportion will be up to 40 percent, and by 2000 it may rise to 60 percent.<sup>1</sup>

The forecasts of travel indicate an enormous expansion, with a new degree of mobility. The number of passenger cars on U.S. highways is estimated at 100 million by 1976—an increase of about 80 percent above the number registered in 1959—and by 2000 the number is expected to reach 176 million. Americans are taking more pleasure trips, and the proportion is increasing in relation to other forms of travel. The National Travel Survey of the Bureau of the Census shows that more than half (55 percent) of the 122 million trips taken by the American public in the first six months of 1963 were for pleasure purposes, about 25 percent were for business, and the remaining 20 percent were for family and personal affairs.<sup>2</sup>

The construction of new Federal and State highways and local roads is accelerating the growth of travel and generating new demands for recreation and travel facilities in many areas not previously accessible for these purposes. Travel and tourism, in turn, are generating new demands for goods and services provided by other consumer and service industries in such areas.

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<sup>1</sup> Projections based on ORRRC Study Report 23: "Projections to the Years 1976 and 2000: Economic Growth, Population, Labor Force and Leisure, and Transportation."

<sup>2</sup> Bureau of the Census, "1963 Census of Transportation: Passenger Transportation Survey," first 6 months of 1963.

## Supply and Demand Relationships

Factors that will affect future demand include supply. What Americans do with their increasing leisure will depend not merely on their personal preferences and financial means, but on what kinds of recreation are available at locations within their reach. Availability is a determining factor in patterns of use in both public and private recreation areas.

Federal public lands available, or potentially available, for recreation purposes include about one-third of the total land of the country, but most of these areas are in the West and Alaska, not conveniently accessible to the people in the East and South. Approximately three-fifths of the Nation's land is in private ownership, which provides many different kinds of recreational facilities. Yet much of this potential supply is not accessible to large numbers of people in urban areas and centers of population.

Nationally, many public recreation areas are located where people are not. It is also a fact that many underdeveloped areas with great recreation potential are close to centers of population where the demand for recreational facilities is greatest. In populous eastern States, well over 60 million people are within a day's drive (350 miles) of the scenic Appalachian Mountains—a region seeking economic development whose best natural resource may well be its outstanding recreation potential. In the North Central States, another 50 million people live no more than a day's drive from the lakes and woods of Wisconsin and northern Michigan.

There are limits to what can be done to adjust this imbalance of supply and demand. Geography cannot be changed, but once-distant locations are becoming more accessible with better roads and modern transportation. The recreation potential of Wisconsin and Michigan is being effectively developed, largely by private enterprise with encouragement and assistance from the States and Federal Government. New England has extended its summer vacation business by investing in winter sport facilities and ski lifts, which are bringing thousands of off-season recreation seekers to mountain areas that were formerly closed in the winter.

In some regions, such as the Missouri Ozarks (described later in this statement), recreation and travel have become almost the most important local industry. In many other areas, this expanding economic sector ranks among the top three income producers.

On the lands under Federal jurisdiction, Federal land and water management agencies have increased the supply of recreation resources by developing multi-purpose reservoirs, waterways, and forest and conservation areas, and by making facilities available to meet rising de-

mands. Other agencies, such as those in the Department of Agriculture involved in Rural Areas Development, which for many years have assisted farmers in conserving the soil and protecting water resources, are helping them to convert unprofitable cropland to outdoor recreation, or are assisting in the financing of recreational facilities in suitable agricultural areas that hold promise of generating new income.

Highlights of Federal experience in developing recreation resources and facilities are reviewed briefly in the following section.

## FEDERAL PROGRAMS RELATED TO THE DEVELOPMENT OF RECREATION AND TOURISM

In considering Federal programs related to the development of recreation and tourism, it is important to distinguish between (1) development programs administered chiefly by the land and water management agencies, (2) programs conducted by departments and agencies charged principally with economic assistance functions, and (3) programs of agencies charged with coordinating the activities of the several agencies that provide recreation opportunities.

The management agencies are directly involved in the business of conserving and developing land and water resources for a variety of purposes, including recreation, as authorized by Congress. Among those most experienced in recreation are the National Park Service, Bureau of Sport Fisheries and Wildlife, Bureau of Reclamation, and Bureau of Land Management of the Department of the Interior; the Forest Service of the Department of Agriculture; the Corps of Engineers of the Department of the Army; and the Tennessee Valley Authority.

In the second category, economic adjustment and assistance programs involving recreation resources or facilities are administered by a number of departments and agencies under recently expanded statutory authority. These programs include financial and technical assistance for recreational facilities that meet requirements of such Federal lending agencies as the Small Business Administration and the Housing and Home Finance Agency; assistance to farmers and rural residents extended by agencies in the Department of Agriculture's Rural Areas Development program, such as the Agricultural Stabilization and Conservation Service, the Farmers Home Administration, the Soil Conservation Service and the Rural Electrification Administration; and loans, grants and technical assistance for qualified development projects, including recreational and travel facilities, made available through the Area Redevelopment Administration to help stimulate growth in income and employment in areas of the Nation suffering most from unemployment. They also include matching fund grants for three types of outdoor recreation projects: Statewide comprehensive planning, land acquisition,



and development made available through the Bureau of Outdoor Recreation under provisions of the Land and Water Conservation Fund Act.

In the third category, two Federal units, the Recreation Advisory Council and the Bureau of Outdoor Recreation, are responsible for coordinating the activities of the several Federal agencies involved in providing outdoor recreation opportunities. The Recreation Advisory Council, composed of the Secretaries of Agriculture, the Interior, Defense, Commerce, and Health, Education, and Welfare, and the Administrator of the Housing and Home Finance Agency, is charged with providing “. . . broad policy advice to the heads of Federal agencies on all important matters affecting outdoor recreation resources and shall facilitate coordinated efforts among the various Federal agencies.” The Bureau of Outdoor Recreation is responsible for coordination of outdoor recreation and related Federal programs, stimulation of and provision for assistance to the States in developing outdoor recreation opportunities, sponsorship and conduct of recreation research, encouragement of interstate and regional cooperation, surveys of recreation resources, and formulation of a nationwide outdoor recreation plan.

### **Growing Importance of Federal Role**

Differences in the assigned functions of Federal agencies should not obscure the central fact that all of these Federal programs to develop recreation are assuming much greater importance as the public demand for recreational facilities increases. Federal programs and policies not only are a significant factor in the supply of recreational facilities at points of greatest pressure, but are equally vital elements in the economy of many States and regions. Nationally, private interests continue to supply the major share of new recreational and travel facilities, but the public and private sectors together are key elements in the fast growing tourist industries. Recreation, travel, and tourism have become big business in America.

### **Expanding Authority for Recreation**

Congress has been expanding the authority of Federal agencies to develop the Nation's potential recreation resources for almost a century. Basic authorizations date from 1872 when the first National Park (Yellowstone) was set aside as a “public pleasuring ground for the benefit of the people,” to 1916 when Congress established a National Park Service with authority to make direct Federal investments in recreational facilities. Basic extensions made during the 1920's and 1930's widened the authority of the National Park Service and Forest Service to develop campgrounds, picnic sites, swimming and boating facilities, winter sports equipment, and many other kinds of recreational facilities to meet new and growing demands.

Further extensions during the past two decades are among the most significant, in terms of the role of recreation in the management agencies, and in terms of the impact of new recreational facilities on the economy of many States and areas. The most recent expression of Congressional interest was passage in 1964 of the Land and Water Conservation Fund Act “. . . to establish a land and water conservation fund to assist the States and Federal agencies in meeting present and future outdoor recreation demands and needs of the American people . . .”

### **Experience of Federal Management Agencies**

During the past decade, recreation has become a primary function of most Federal land and water management agencies, and the development of recreation opportunities is now being given full consideration with other primary functions in major conservation and reclamation programs. The following summary indicates the scope of recreation in Federal management agencies and cites a few outstanding examples of the wider recreational uses being made of natural resources in multi-purpose programs.

#### *National Park Service*

The National Park Service administers more than 200 natural, historical, or recreation areas, embracing about 26,000,000 acres. These areas are the travel objectives of more than 100,000,000 visitors annually. They offer a wide variety of subject matter for the recreation-minded, including examples of superlative scenery, outstanding scientific, historical, and archeological sites and objects, and seashores and lakes offering boating, fishing, and other water-based recreational activities.

Nearly \$0.5 billion has been provided to develop these areas during the past nine years, including about \$300,000,000 for constructing roads, trails and parkways, and about \$200,000,000 for such facilities as buildings, utilities, campgrounds, and picnic areas. More than 30 additional parks and other areas have been authorized by Congress during this same nine-year period, and many others are being considered so as to meet future requirements of our mushrooming population. This service actively provides technical advice and assistance to other Federal, State, and local agencies in connection with their park and recreation programs.

#### *Sport Fisheries and Wildlife*

National wildlife refuges and national fish hatcheries provide opportunities for many kinds of recreation, such as sightseeing, wildlife observation, photography, picnicking, swimming, boating and, in certain areas, fishing and hunting. Specific authority for construction of recreational facilities on wildlife refuges and fish hatcheries was granted

by Congress in P. L. 87-714, enacted in September 1962. Since then there has been no opportunity to include development projects in budget requests. Only those recreational uses that are compatible with the primary conservation objectives of each area will be developed.

Use of wildlife refuges has increased rapidly in the past decade or so. Visitors to approximately 160 refuges where there are permanent personnel increased from 3.5 million in 1951 to 12.5 million in 1963. The most popular uses reported are sightseeing, wildlife observation, picnicking, and swimming, which account for about two-thirds of the total. Fishing and hunting account for the remainder.

### *Bureau of Reclamation*

Basic recreational facilities have been included in programs of the Bureau of Reclamation for many years. Facilities usually provided at public use areas of Bureau of Reclamation reservoirs include access roads, picnic areas, sanitary facilities, boat ramps, and swimming beaches. These are constructed by either the Bureau or the principal lessee. Additional facilities are provided by private concessionaires, who develop and operate lodging facilities, trailer parks, restaurants, and boat rental and service facilities.

The experience of the Bureau of Reclamation reservoirs generally has been similar to that of the Corps of Engineers with respect to increasing demands for recreational facilities, stimulating private investment, and generating economic benefits.

### *Bureau of Land Management*

The largest acreage of public lands, 465 million acres, is administered by the Bureau of Land Management. Over 175 million acres of this total are in 10 western States, and 289 million acres are in Alaska. The public have been using this land for outdoor recreation purposes in increasing numbers, particularly since the end of World War II. By 1963, total use had reached an estimated 15 million visitor-days. This use was primarily on the wild land with no developed facilities.

In 1956, under special authorization, the Bureau initiated a program for the construction and operation of recreational facilities in Alaska. However, under the terms of the Alaska Statehood Act, these facilities were transferred to the 49th State and now are the chief components of the Alaska State Park system.

In 1960, construction and operation of public use facilities were begun on the O & C lands in western Oregon, and on the remaining public lands in fiscal years 1963 and 1964 as part of the Accelerated Public Works Program.

In fiscal year 1965, regular appropriations were made available for the first time. Also, outdoor recreation was recognized in the Multiple

Use Act as one of the ten primary purposes (domestic livestock, fish and wildlife, industrial development, mining, occupancy, outdoor recreation, timber, watersheds, wilderness preservation, and preservation of other public values) for which the public lands are to be managed under sustained yield principles.

Facilities constructed to date and operated by the Bureau total 1,625 family units at 112 sites in 8 States. There are very high outdoor recreation values on the public lands, and a large number of sites and areas available for future development.

Many tracts of public lands, particularly those near population centers, are being leased or sold to States and local governments for recreation purposes under the terms of the Recreation and Public Purposes Act. To date 80,800 acres have been sold, and 99,900 acres are currently under lease. The resulting non-Federal expenditures have been at least 50 times the estimated \$3 million Bureau investment to date.

These recreation investments have in turn added substantially to the value of surrounding properties as desirable places to live in, and they have generated considerable economic activity in adjacent areas. For example, 16,000-acre South Mountain Park in Phoenix, Arizona, and the 90,000-acre regional parks of Maricopa County, Arizona—all almost entirely on public lands—are now rated among the Nation's best.

#### *Bureau of Indian Affairs*

The Bureau's recreation program is concerned primarily with developing the full potential of Indian lands for tourism and outdoor use. A principal objective of the program is the creation of job training and employment opportunities for individual Indians and the provision of new sources of revenues for Indian tribes. The Division of Economic Development assists in the establishment of recreational attractions and facilities on Indian reservations by utilizing team effort in developing facilities and implementing procedures to attract commercial tourism enterprises. Public-service-type facilities that contribute to the profit-making complex and to the overall socio-economic development of the reservations are also encouraged. While some Indian reservations are remote from today's population centers, the demand for recreational attractions and commercial recreation facilities located in such areas is increasing.

#### *Forest Service*

Under expanded authority of the Multiple Use-Sustained Yield Act of June 12, 1960, recreation became one of five primary forest resources (wood, water, range, wildlife, and outdoor recreation) managed by the Forest Service. Recreational facilities, expanded to meet rising public demands, included in 1963:

4,607 campgrounds accommodating more than 51,000 family units  
1,371 picnic sites accommodating more than 16,140 family units  
449 boating sites and launching ramps  
219 swimming sites  
187 winter sports areas  
86 wilderness and wild areas

Forest service investments in recreational facilities have more than doubled in the past five years. Total expenditures for management, maintenance, operation, construction and rehabilitation rose from \$10.2 million in FY 1960 to an estimated \$24.9 million in FY 1964.

Private capital is encouraged by the Forest Service to invest in special facilities and commercial public services under special use permits. Private investments now total over \$70 million, with private operators doing some \$40 million gross business annually. Fees paid to the Government bring in about \$500,000 a year. The Forest Service also encourages private organizations to construct camps on forest land, and some \$20 million have been invested in almost 500 such camps. More than 18,000 summer homes valued at about \$90 million have been privately built in locations not needed for other public purposes, and the annual fees come to about \$720,000.

All of these recreation investments, public and private, generate economic activity in areas near National Forest recreation centers.

### *Corps of Engineers*

During the past decade, recreation has become a major function of water development projects of the Corps of Engineers, which has created new resources in the form of many new lakes, shorelines, waterways, and other facilities that are being used by a large segment of the population.

By 1960 the Corps had completed 191 new reservoirs providing approximately 3 million acres of water surface available for recreational use; 18 improved waterways including pools behind dams with navigation locks; 48 beach improvement projects; and 250 small boat harbors providing about 60,000 berthing capacity.

Public recreational use of reservoir areas of the Corps of Engineers has increased from approximately 16 million visitors in 1950 to 127 million in 1962. Between those dates, the acreage of new lands and waters made available for recreation has about doubled—but the number of visitors has increased about eightfold, and the demand continues to soar. A current survey of recreational use of all water resource improvement projects managed by the Corps shows nearly 323 million visitors in 1963.

Original construction costs of specific recreational facilities now in operation or authorized are estimated at more than \$250 million, with annual outlays for new construction running at about \$25 million.

Federal investments in water-recreational facilities are shared with State and local development agencies. In 1963, expenditures for construction, operation, and maintenance were in the ratio of \$1 Federal to \$3 non-Federal.

Private investment in facilities adjacent to water-recreation projects is often much larger than the Government outlay. A survey in 1956 showed private expenditures to be about 12 times larger than Federal outlays. Additional facilities, such as boat docks, restaurants and overnight accommodations are provided by private concessionaires, under special licenses or leases.

Wider economic benefits are generated by expenditures of boaters, fishermen, swimmers, and other visitors attracted to these areas.

### *Tennessee Valley Authority*

Although recreation development has not been part of the justification for the construction of the multi-purpose reservoir system of the Tennessee Valley Authority, it has been and still is a very potent by-product of natural resources developed and operated for other purposes.

The TVA system provides one of the best examples of the stimulating influences of public and private investment in recreational facilities. TVA makes no direct investments itself but, instead, encourages States, local agencies, and private enterprise to invest in the new resources represented in the shorelines of reservoirs and waterways. Total investment in development of recreation areas has increased almost fourfold during the past decade—from \$43 million 10 years ago to \$168 million in 1963. More than 90 percent of this investment was made by private investors in the form of land- and water-based recreational facilities.

Of the total investment, just over \$111 million have been invested in land-based facilities such as service buildings, restaurants, clubhouses, overnight accommodations, camps, and private cottages. The value of these improvements has increased at an average annual rate of just under 20 percent. The remaining \$57 million represent the value of water-based facilities, such as boats, boat houses, docks, and floating equipment. These water facilities have been increasing at an average rate of about 15 percent.

The TVA is now acquiring and developing a 170,000-acre area in north-west Tennessee and southwest Kentucky lying between Kentucky Lake, on the Tennessee River, and Barkley Lake, now under construction on the Cumberland River, for the Land Between the Lakes recreation demonstration. This project is being developed as a demonstration in the interrelationships of outdoor recreation with all area resources, showing how a full-scale recreation development can be made to provide outdoor recreation and resource education opportunities contributing to the knowledge, well being, and economy of the region and the Nation.

## Federal Economic Assistance Programs To Develop Recreation and Tourism

The broadened authority provided in the Food and Agriculture Act of 1962 applies equally to economic adjustment and assistance programs designed primarily to create new jobs and additional income in rural areas. The new authorization augments established programs of other agricultural agencies. The Rural Areas Development program in the Department of Agriculture, which represents the coordinated application of various new authorizations provided under this Act, has added new stimulus to outdoor recreation. This program rests on the establishment of committees of leaders interested in the economic development of each county or area. These leaders draw upon all the agencies in the Department of Agriculture, other departments and agencies of the Executive Branch of the Federal Government, State organizations, local organizations and individuals. The Office of Rural Areas Development is responsible for general coordination of this program in the Department of Agriculture.

The following examples illustrate how recreation has become an integral part of basic development and economic assistance programs.

### *Agricultural Stabilization and Conservation Service*

For many years the Agricultural Stabilization and Conservation Service has assisted farmers in adopting practices that protect the soil and conserve and develop water resources. The 1,750,000 ponds built under this program are the base around which recreational facilities are now being built on individual farms. They provide camping, fishing, boating, and hunting facilities, and a habitat for water-oriented wildlife.

Under the Food and Agriculture Act of 1962, the Secretary of Agriculture is authorized to enter into long-term agreements with farm and ranch owners and operators providing for changes in cropping systems and land uses, specifically for the purpose of developing wildlife and recreation resources.

The 1963 Cropland Conversion Program was the first administered under this authority. Agricultural Stabilization and Conservation Service farmer committees entered into 10-year agreements with farmers in 33 States to convert cropland to outdoor recreation, including facilities for water sports, fishing, hunting, horseback riding, and other forms of recreation. It is anticipated that requests for this type of assistance will increase.

### *Soil Conservation Service*

The use of land and water for recreation purposes has been encouraged by the Soil Conservation Service of the Department of Agriculture for some time as part of its regular assistance to Soil and Water Con-

servation Districts. The Food and Agriculture Act of 1962 provides for SCS technical assistance to landowners and operators in those Districts in the development of land and water resources for recreational purposes. More than 19,000 landowners and operators have developed one or more income-producing recreation enterprises as a result.

In its watershed program, the SCS provides technical, cost-sharing and credit assistance to local organizations in planning and carrying out land improvement measures including structural improvements and related facilities. Amendments to the Watershed Protection and Flood Prevention Act by the Food and Agriculture Act of 1962 provide that outdoor recreation be considered as one of the multi-purpose uses qualifying for such assistance. As a result, considerable interest has been stimulated in the recreation potential of small watershed projects. As of September 28, 1964, preliminary approval had been given 91 recreation developments in 81 watershed projects located in 33 States. With the new authority for recreation development, it is estimated that one-third or more of future applications may include recreation development as part of the small watershed program.

#### *Farmers Home Administration*

Under its expanded authority to add recreation to other purposes of projects eligible for loans to farmers and rural residents, the Farmers Home Administration has made 247 loans to individuals in 46 States, totaling approximately \$2 million, and 84 loans to associations of farmers and rural residents totaling \$8.5 million.

The primary purpose of FHA loans to individuals for recreation purposes is to assist low-income farmers to supplement their incomes. Loans to associations are designed to stimulate economic growth and improve the quality of living in rural areas.

#### *Small Business Administration*

Under its established programs for assisting small business, the SBA has successfully provided financing for a variety of recreational and travel facilities, along with other industrial and commercial development projects. The agency has had considerable experience in loans for motels and motor courts. Although such loans are regarded by many private investors as particularly risky, SBA's record through 1963 showed that the agency had approved 770 loans with only 7 foreclosures; 617 motel loans were current with respect to all payments, while 54 were delinquent in some respect.

The SBA also had made 80 loans for ski resorts or facilities, of which 57 were current on payments during 1963, with 2 foreclosures. The agency had approved 30 loans for golf courses, of which 27 had been disbursed and 2 foreclosed.



The SBA believes that its record compares favorably with the loan experience of private lending institutions; it also holds that Federal aid in experimental fields of financing, when proved sound, helps to encourage new areas of commercial investment.

### *Housing and Home Finance Agency*

The HHFA does not have special assistance programs for recreation and travel, but it may include recreational facilities in loans for other approved programs. It provides loans or other financial aid for such purposes as urban planning and carrying out urban renewal programs; public works planning and construction of needed public works to increase local employment and stimulate the area's economy; and acquiring open-space land for park, recreational, conservation, historic, or scenic purposes. With the exception of projects authorized under the Area Redevelopment Act of 1961, none of these are considered to be primarily in the field of recreation and tourism, although recreational facilities may qualify under most of the housing programs.

### *Area Redevelopment Administration*

Since its establishment in 1961 under the Area Redevelopment Act, the ARA has administered a program of loans and grants designed to help stimulate the growth of income and employment in those parts of the Nation suffering most from unemployment and underemployment. As of June 30, 1964, the ARA had expended over \$243 million in loans and grants for more than 500 projects throughout the Nation. Over \$69 million of these funds, or approximately one-fourth of the total, went into 66 projects to generate new employment in the recreation and tourist industry.

Industrial and commercial loans to private enterprise under Section 6 of the Area Redevelopment Act have accounted for almost 40 percent of the \$69 million invested in recreational and tourist facilities. These loans have been made to industrial and commercial firms, or to local development groups undertaking land acquisition or improvement, plant construction, modernization or expansion to assist the growth of local industry and generate new employment and income. The \$27 million in Section 6 loans going to the recreation and tourist industry accounted for about 18 percent of the total investment in commercial loans made by the ARA.

Private enterprise, local initiative, and repayable investments are regarded as the foundation of ARA's commercial and industrial loan program. These loans have been used as "seed money" to augment local investment when communities and business firms cannot finance the total cost of development projects on reasonable terms through other channels.

Commercial and industrial loans going to the recreation and tourist industry have been used largely for development of modern travel accommodations, an essential element in the growth of vacation travel. Of the 50 loans in this category, 29 have been for modern hotel and motel facilities, and 11 have helped private groups develop or expand recreational centers, including ski resorts, hunting and fishing areas, and resort-convention facilities.

— Under Section 7 of the Area Redevelopment Act, ARA is enabled to make loans for developing public facilities that are associated with new or expanding industry or help generate new employment opportunities. Such loans may be augmented, where necessary, by direct grants to communities, States, or non-profit groups under Section 8 of the Act.

— Public facility loans and grants account for about 60 percent of the total funds allocated for the financing of recreational and tourist facilities, and for approximately 46 percent of ARA's investment in all types of public facilities. The recreation-tourism projects financed in this manner have often involved extensive investment in developing basic resources in areas with substantial recreation potential but deficient in other development opportunities. A fairly large proportion of such investment has been in West Virginia, a good example of an economy with substantial opportunities for generating income and employment through the expansion of recreation and tourism.

#### *Bureau of Outdoor Recreation*

With passage of the Land and Water Conservation Fund Act in 1964, the Bureau of Outdoor Recreation became responsible for administering the land and water conservation fund. The fund provides for matching grants to States to plan, acquire and develop outdoor recreation areas and facilities. To qualify for grants, the States are required to develop a comprehensive statewide outdoor recreation plan and meet certain other requirements. Under certain conditions, funds would also be available to Federal agencies for acquisition of lands and waters for recreation purposes.

The impact of these Federal programs on the economy of the Nation and on States and local areas is examined next in relation to growth of the nationwide recreation and travel industries.

## THE ECONOMIC EFFECTS OF RECREATION AND TOURISM

In attempting to measure the economic impact of recreation and tourism, the usual starting point is the scale of expenditures for these purposes, as far as shown in Census Bureau data and private industry reports. These data provide at best crude benchmarks, because tourist

expenditures are an uncertain measuring rod for fixing relative values. The vacation travel or tourist business is among the Nation's largest, yet, as noted by those familiar with the field, it is hard to define and statistically slippery.

There are no universally accepted concepts and definitions in this field. Most of the usual definitions and techniques for measuring the size of an industry or business are not applicable to the recreation and vacation travel segments of the economy. The term "tourist" is used in different ways—for persons traveling for pleasure or recreation, for visitors from other States or localities, for vacationers, or simply for travelers. Many different kinds of businesses sell a variety of goods to the tourist market, and they are often regarded as a part of that market, although they may buy and sell in other markets as well. Data on expenditures and personal consumption are incomplete. Census Bureau classifications and data on consumption compiled by the Department of Commerce cannot earmark expenditures for pleasure travel, and classifications tend to overlap.

Despite such limitations, various estimates of the amounts spent for recreation and pleasure travel can be used, with due caution, as rough indicators of the magnitude of recreation and travel expenditures, and of the extent to which they affect other sectors of the economy.

### **Estimates of Recreation-Travel Expenditures**

Whatever definitions are used, spending on recreation and pleasure travel runs into billions of dollars annually. The surging demands for recreation noted earlier in this statement are reflected in many segments of the tourist and travel business. Expenditures for all kinds of recreational facilities and equipment are increasing, and rates of spending are rising in many travel-related industries.

Estimates of national tourist expenditures range from \$10 billion to more than \$25 billion annually, depending on the definitions used. The low estimate was made by "Fortune" magazine in a survey of 1958 expenditures for domestic vacations and pleasure travel (including weekends). The National Association of Travel Organizations estimated domestic tourist expenditures to be \$19.1 billion for the same year, based on reports by State travel offices. The American Automobile Association, in a more recent report, estimated that domestic vacation-travel spending was "something like \$25 billion," and others have used even higher figures.<sup>3</sup>

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<sup>3</sup> A survey conducted by "Hospitality" magazine estimated that national travel expenditures "should reach \$26 billion in the next few years." "Hospitality," January 1964.

Numerous surveys by State economic development agencies and by private industry and trade associations have ranked recreation and tourism among the top industries nationally and locally. Several billions of dollars are spent each year on outdoor sports, like boating and fishing, and expenditures in these fields are rapidly increasing. Estimated retail expenditures on boating have risen from approximately \$1 billion in 1954 to \$2.5 billion in 1963.<sup>4</sup> The 1960 National Survey of Fishing and Hunting, published by the Department of the Interior, estimated that total expenditures on fishing rose from \$1.9 billion in 1955 to \$3.0 billion in 1960. Hunters spent \$937 million in 1955 and over \$1 billion in 1960.

### **Distribution of Economic Benefits of Tourism**

The distribution of economic benefits resulting from recreation and travel expenditures has been the subject of considerable study in States where tourism is an important element in the local economy. In numerous tourist surveys made by State agencies, it has been found that approximately 80 percent of direct tourist expenditures has gone into what are sometimes called the "primary travel-serving businesses." These are catalogued in different ways, but basically they include:

- Commercial lodging establishments, hotels, motels, camps, etc.
- Eating and drinking places, restaurants, etc.
- Gasoline service stations
- Auto repair services
- Amusements and recreation (other than movies).

The percentage of total income attributed to tourist expenditures by travel-serving businesses varies widely, both between the several kinds of business and between similar businesses in different localities. Surveys in such "tourist States" as Maine, New Hampshire, and Vermont indicate that motels and other commercial lodging establishments may receive from 30 percent to 94 percent of their total receipts from vacation travelers or tourists. Eating and drinking places and amusements (except movies) in New Hampshire attribute about 35 percent of their total receipts to tourists. Service stations and auto repair businesses attribute about 25 percent of their gross income to vacation travel. These proportions may differ sharply in States where tourism is less important.

### **Income Generated by Recreation and Travel**

Tourist income generated within a State obviously goes beyond the primary travel-serving businesses. Money spent directly by tourists flows in many directions. Some goes to other service businesses not in the primary category, such as boat and fishing supplies, boat rentals,

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<sup>4</sup> Estimated by the National Association of Engine and Boat Manufacturers and the Outboard Industry Association.

hunting equipment and, in winter, ski tows and winter sports equipment. Taxes on goods and services used by tourists flow into State treasuries to be used for roads and other public purposes.

A substantial part of the income received by travel-serving businesses is spent for the purchase of materials, supplies and services from other firms. Wages and salaries received by employees of travel-serving groups will be spent in part on goods and services bought locally.

### Findings of Special Research Studies

Useful findings on the wider distribution of income have resulted from several research studies financed by the Small Business Administration in cooperation with State economic development agencies or universities. Such studies have been made of tourist-travel business in New Hampshire, Vermont, Maine, North Dakota, Alaska, Hawaii, and the Virgin Islands. Other tourist-impact surveys have been made independently by State agencies, universities, and industry and trade organizations. Although the quality of these studies is uneven and many of the data developed in one State may not be comparable with those used in another, they provide useful guidelines for those seeking to estimate income and employment ultimately generated by recreation and tourist spending. The studies also point up the need for more accurate measurements of spending and distribution of income in this field.

*A special survey of 18 types of retail and service business in Vermont indicated that sales attributed to recreation and tourist purchases were a significant factor in many businesses not directly serving the tourist trade. Percentage of total sales attributed to these purchases ranged from just under 2 percent for building materials dealers, to 10 percent for apparel stores, 14 percent for sporting goods stores, 44 percent for boat dealers, and 51 percent for gift and souvenir shops. The average was 9 percent.*<sup>5</sup>

*A survey of businesses generated by tourist trade in the Missouri Ozarks covered 15 categories of retail and service firms, which attributed a portion of their income and employment to tourists. The sampling included 10 categories outside the primary service group. The results indicated that a substantial part of the wages paid by retail businesses and non-tourist service firms came from sales to tourists and "non-residents," ranging from about 8 percent in farm supplies, to over 13 percent in groceries, and 18 percent in general merchandise.*<sup>6</sup>

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<sup>5</sup> "The Tourist and Recreation Industry in Vermont," Small Business Management Research Reports, prepared by the Vermont Development Department for the Small Business Administration, Table 37.

<sup>6</sup> "Contributions of Tourist Trade to Incomes of People in Missouri Ozarks," Research Bulletin 799, University of Missouri, 1962. Table 14.

## Additional Income Generated by Tourism

Various attempts have been made to determine the amount or value of the additional income generated by tourist expenditures, with uneven results. Income ultimately generated is not easy to measure. However, a competent study of the vacation travel business in New Hampshire developed methods of calculating the indirect effects of successive rounds of spending within the State, based on tourist expenditures for a single year.

*The conclusion reached in the New Hampshire study was that total vacation-travel expenditures of \$135 million in 1958 generated about \$85 million additional income in the State through successive rounds of spending, so that ultimately New Hampshire's vacation travel business was responsible for approximately \$220 million, or about 20 percent of the State's total income.<sup>7</sup>*

*Vacation travel receipts induce capital investments, including modernization and expansion of existing facilities, such as new hotels, motels, and other primary tourist facilities.*

*Recreational facilities provided by local, State and Federal agencies also should be included here; such investments, in turn, tend to generate further private investment.*

## Growth of Vacation-Travel Business

A number of State and regional surveys show the growth of vacation-travel business during the past decade or so, with estimates of the number of visitors, total expenditures, and related information. Some of those examined include what seem to be generally accurate indexes. The New Hampshire study already cited provided the following index of vacation-travel business, 1954-1960, for that State:<sup>8</sup>

	Est. Expenditures (millions)	Income Generated (millions)	Index (1954 = 100)
1954	\$ 105.5	\$ 171.9	100
1955	112.9	183.9	107
1956	121.3	197.7	115
1957	120.7	206.3	120
1958	135.0	220.0	128
1959	138.7	237.2	138
1960	145.8	249.2	145

<sup>7</sup> "Vacation Travel Business in New Hampshire, A Survey and Analysis," prepared by the New Hampshire Department of Resources and Economic Development for the Small Business Administration. Cf. pp. 143-149, and Tables 80 and 81.

<sup>8</sup> Ibid, Table 80.

The rates of growth indicated by the New Hampshire survey seem to be comparable to those in New England as a whole, where the vacation-travel business is well established and an integral part of the economy. A New England vacation-business index compiled by the Federal Reserve Bank of Boston shows a somewhat slower rate of growth for the region as a whole, but it reflects a much higher rate of increase in the winter season, due to the growth of ski resorts and winter sports. The winter index for New Hampshire shows a rise from the 1950 base of 100 to 232 in 1963, compared with a summer index of 130 in 1963.<sup>9</sup>

Much faster rates of growth are shown by surveys of vacation-travel business in newly developing tourist areas like Puerto Rico and the Virgin Islands. Tourist expenditures on the Virgin Islands are estimated to have risen from \$5 million in 1953 to over \$41 million in 1963, an eightfold increase in the past 10 years. Expenditures of visitors in Puerto Rico rose from \$19.4 million in FY 1953 to \$79.7 million in FY 1963. Hawaii, with its established tourist business, shows continuing increases in visitor expenditures, from \$24.2 million in 1950 to \$109 million in 1959.

Areas such as Tennessee and the Missouri Ozarks, which have utilized their natural resources and developed recreational facilities around man-made lakes and reservoirs, have more than doubled their tourist income in the past decade. Estimated total expenditures by out-of-State travelers in Tennessee increased from \$117 million in 1950 to \$230 million in 1960.<sup>10</sup> On a smaller scale, the Missouri Ozarks showed a comparable rate of increase, from \$4.5 million spent by out-of-State travelers in 1949 to \$9.9 million in 1960.

### **Employment Generated by Recreation-Travel Investments**

Employment resulting from investments in recreational and travel facilities is about as difficult to estimate as the ultimate income generated by tourism. The bulk of direct employment is in the primary travel-service industries which, as noted, receive about 80 percent of direct tourist expenditures. Employment varies in different kinds of businesses and sometimes within the same business. A big resort hotel may have a payroll comparable to a manufacturing establishment, although the jobs may be seasonal, whereas a tourist court may be run by Ma and Pa. Employment by service stations and other retail businesses is generally attributed to tourist spending in about the same ratio as gross income from that source.

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<sup>9</sup> Federal Reserve Bank of Boston, "New England Vacation Business Index," 1963.

<sup>10</sup> "Tourists and the Travel-Serving Business in Tennessee," 1948-1961, prepared for the Division of State Information and Tourist Promotion, State of Tennessee, 1962, p. 2.

Studies of tourism as a job creator reflect these variations and seasonal fluctuations. They also show that business generated by recreation and vacation travel may be the biggest single employment factor in regions lacking resources for other types of industry, or in areas of chronic unemployment.

### **Recreation as a Job Creator in the Ozarks**

The Ozark plateau in southern Missouri provides a dramatic example of recreation as a job creator. This region had long been recognized as an area of low income and high unemployment; but it also possessed unusual natural resources in its forests and lakes, a tourism potential enhanced by development of man-made lakes and multi-purpose reservoirs, and State and community leadership ready to invest in recreational and travel facilities. To accommodate tourists, recreational and travel facilities were developed around 11 State parks, each developed in harmony with the resources of the particular site. More than 900 motels and lodging places were erected over a period of years to accommodate more than 7,500 families for an overnight visit. Recreational facilities, such as for hiking, horseback riding, boating, fishing, swimming, golf and tennis, have been provided by private enterprise.

The results are summarized in the University of Missouri research study previously cited (see footnote 6):

- The tourist trade has brought about many changes in the number and type of firms located in the Ozark area. Despite a declining population in the area as a whole, the number of retail and personal service firms has increased about 32 percent since 1950.

- By 1959 the tourist trade had provided jobs for an estimated 5,321 part- or full-time workers who resided in the area and would not otherwise have been employed.

- The operators of retail and personal service firms estimated that about 21 percent of their total business came from tourists. The total payroll of retail and service firms in the area was \$27.4 million in 1959.

- New job-creating businesses have been established each year in response to tourist demands. Most of these businesses were operated by their owners, more than 75 percent of whom had lived in the area. Farm people found this field of new industry open to them, and about three-fourths of the operators were born on farms. Tourism is the area's second largest industry.

Similarly, the recreation-travel industry is becoming a dynamic element in the bordering Arkansas Ozark area. There, the development of large man-made lakes has stimulated growth of vacation travel. Two major reservoirs have been built, and three others are currently under



construction; together they will provide more than 174,000 acres of water surface and nearly 2,000 miles of shoreline. The economic benefits resulting from development of one of the completed reservoirs, Bull Shoals, indicate what is happening in the area:

- At the time Bull Shoals was under construction in 1945, half a dozen local businesses provided overnight accommodations; by 1962, this number had increased to 254 recreation and travel facilities valued at more than \$7.6 million.

- The number of visitors to Bull Shoals lake increased more than five-fold, from 413,000 in 1952 to 2,200,000 in 1962. The value of fishing supplies sold in the area rose from about \$6,000 to \$700,000 in this period.

### **Hotel and Motel Employment in Puerto Rico**

In other areas, such as Puerto Rico, tourism has been a significant factor in an economy in transition. Construction of new hotels and recreational and tourist facilities has been encouraged by the Commonwealth Government as part of its "operation Bootstrap" and has been a key factor in attracting private capital. Employment in San Juan hotels alone has more than doubled since 1958, rising from 1,768 workers in that year to 4,113 in February 1963. Employment also rose rapidly in resort hotels in other parts of the island, from 174 in 1958 to over 1,600 in February 1963.<sup>11</sup>

### **Regional Development Programs in Other Areas**

There are a number of other areas throughout the United States that are confronted with critical problems of economic adjustment, on the one hand, and opportunities to develop their recreation-travel potential, on the other. Among these areas are the Upper Great Lakes region (including especially Wisconsin and northern Michigan); the Rocky Mountain—Northwest Cascades region; Four Corners region in the southwest; and, in some ways most significant, the vast Appalachian region extending from Pennsylvania in the north to Georgia and Alabama in the south.

In all these regions, recreation and vacation travel are potentially important elements in the area economy; in some, such as in Wisconsin and Michigan, they are already playing a significant part in economic life. Development of Wisconsin's outdoor recreation resources is a major objective of that State's long-range development program. Recreation demands by Wisconsin residents alone are expected to rise from 144 million visits in 1960 to 248 million in 1980 and to 425 million by the

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<sup>11</sup> Commonwealth of Puerto Rico, Economic Development Administration: "Selected Statistics on the Visitors and Hotel Industry of Puerto Rico," 1963.

year 2000. More than 56 million vacation-recreation visits were made to Wisconsin by non-residents in 1960. Out-of-State visitors who spent at least a night in Wisconsin are estimated to have spent over \$300 million that year.<sup>12</sup>

### **Federal Investments in Recreation-Travel Facilities**

The Federal Government has assisted State and local agencies and private investors in carrying out many successful development programs based on recreation and tourism. The U.S. Army Corps of Engineers, the Interior Department's Bureau of Reclamation, and Agriculture's Stabilization and Conservation Service have played a major role in developing the basic resources for area and local recreation-travel programs carried forward by private enterprise and local development groups. Similarly, economic and financial assistance has been made available by the Area Redevelopment Administration, the Small Business Administration, HHFA, and others.

Under its charter from Congress, the Area Redevelopment Administration is charged primarily with helping to stimulate new employment and raise income levels in areas of chronic unemployment. In many depressed areas, the greatest opportunity for generating new jobs has been found in assisting community groups and private capital in attracting new industries. Other communities have been able to expand local employment by modernizing and expanding existing local industries and developing their public facilities, while still others with no significant local industrial assets have found their best opportunities in development of their natural attractions for recreation and travel. In certain areas of acute chronic unemployment, such as parts of Appalachia, recreation and tourism may represent the best potential resource available for effective development at this time.

### **ARA Tourist Projects in Appalachia**

A review of current ARA projects in the recreation-travel category provides examples of programs in which ARA is working with State and regional groups in developing natural resources for recreation and tourism. In West Virginia, the ARA is working closely with the State's Department of Natural Resources and other local groups in developing recreational and travel facilities in seven localities, mostly within or close to State parks and areas of scenic beauty. The present total ARA investment in these projects is \$24.8 million, in the form of loans and grants for basic public facilities under Sections 7 and 8 of the Area Re-

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<sup>12</sup> "A Plan for Wisconsin," Stage I, an Analysis of Future Prospects and Needs; prepared by Department of Resource Development, State of Wisconsin, 1964.

development Act. The largest of these West Virginia projects are in the New River Gorge country in the southern part of the State, where the ARA has invested \$9.8 million in recreational facilities in Bluestone State Park.

### *The New River Gorge—Bluestone Park Project*

Bluestone State Park is located in Summers County, West Virginia, an area of chronic unemployment with little prospect for generating new jobs apart from its recreation-tourist potential. During the past decade the county's population declined by 18.5 percent compared to a 7-percent decrease for the State and an increase of 18.5 percent for the Nation. Median family income was \$2,698 in 1959, well below the \$4,572 median for all families in the State and far below the Nation's median income level of \$5,660.

Local efforts to offset the loss of job opportunities by attracting new industry had failed when ARA assistance became available. After careful assessment of the area's resources and potential, the first goal became the development of recreational facilities built around the area's scenic attractions.

The area's primary tourist asset is its location in a wooded mountain section, with the New River Gorge or canyon providing scenic attractions augmented by new man-made lakes in the vicinity. The area has a good year-round climate and is close enough to centers of population along the eastern seaboard and the Ohio Valley to attract tourists from both sides of the Alleghenies.

An independent survey by a private economic consulting firm estimated that it would be possible to develop recreational and resort facilities that would attract pleasure and business travel, and could tap a potential market of 3.7 million wage earners living within a radius of 500 miles and having annual incomes from \$7,000 to \$12,000.

In creating jobs, the consultant concluded that, with proper facilities in the area, a 60-percent occupancy rate could be obtained throughout the year. It was estimated that such a level of occupancy would provide about 544 jobs directly related to the Bluestone recreational and resort facilities, and additional jobs created as a result of tourist expenditures in the area. Together with other proposed developments in the vicinity, total tourist expenditures could be expected to reach about \$4.7 million a year, and the multiplier effect of this spending would add about \$8 million to the region's income. The wage component of this added income would be about \$2.8 million, representing approximately 800 jobs, according to these calculations. If accomplished, this overall development would substantially reduce the area's average 17-percent unemployment rate.

Other examples of financial assistance to recreation and tourist projects in Appalachia are found in ARA commercial loans to private industry. Two of these are located in south-central Pennsylvania.

### *The Blue Knob Development Project*

Blue Knob is located near Bedford, Pa., at the midway point on the Pennsylvania Turnpike, which is the major highway route across the Appalachian Mountains. In 1963 this toll road carried 30 million vehicles, and a substantial percentage of them constituted pleasure traffic.

Senator Joseph S. Clark of Pennsylvania described the economic situation in testimony October 15, 1963, before a sub-committee of the House Committee on Agriculture in connection with this project:

*Bedford is a resort town. Nearby are the Bedford Springs Hotel, the White Sulphur Springs Hotel, and a number of distinguished hotels in the town itself. Up until this year, these resorts shut down for the winter. There was nothing for prospective guests to do. But in Pennsylvania, we are searching for ways to spread resort employment out over the entire year by diversifying our recreational outlets. . . .*

*The solution for the Bedford area came abruptly. Not far from Bedford, on the Bedford-Cambria County border is Blue Knob Mountain, second highest point in Pennsylvania. The mountain is a State park.*

*Up until a year ago, an Air Force radar installation was perched on top, serviced by a powerline constructed some years back by the local electric cooperative, Valley Rural Electric Cooperative of Huntington.*

*Then, last year, the installation was declared surplus and finally placed at the disposition of the State. Here was a readymade opportunity to solve Bedford's problem and draw new volumes of traffic into the rural backcountry of the area—traffic which could be taken advantage of by local farmers who could develop side ventures to capitalize upon it. The mountain has an exceptionally heavy snowfall each year and the physical facilities standing on the mountain provided an ideal opportunity for development.*

*Two businessmen from Altoona were the spark plugs. They must put up \$60,000 in capital. The Bedford Development Council, a nonprofit quasi-public group, put up another \$40,000.*

*The corporation attempted to raise the additional capital it needed from private sources, but to no avail. It is my understanding that the local private utility offered assistance in soliciting private help, but without success.*

*Then, as a last resort the group turned to the Federal Government. The Area Redevelopment Administration was the first obvious source of assistance, and it provided \$222,155.*

The financing obtained from the ARA and the Rural Electrification Administration (through the Valley Rural Electric Cooperative) made it possible to start operations on this recreation project, which is designed to be one of the most complete ski area facilities in Pennsylvania. These Federal investments are calculated to provide approximately 120 jobs directly related to the ski resort, and to draw enough overnight winter visitors to the area to keep hotels open for the winter season. Although the Blue Knob development was still under construction at the beginning of the 1963-64 season, one nearby hotel was open to celebrate the Christmas holidays for the first time in its 159-year history.

### *Camelback Ski Resort*

Camelback Mountain is in Monroe County, Pa., in the Pocono Mountains. It has a good potential market for winter sports and a community leadership ready to develop that potential. An ARA loan of \$284,850 was made to a local development group organized as the Camelback Ski Corporation, which raised the remainder of its \$591,500 development capital from other sources. The ARA estimated initial direct employment at about 50 persons, but actual employment during the first season at the Camelback resort proved to be almost double that figure. The average number of weekly skiers in 1963-64 ran about 5,000, approximately 50 percent above the anticipated number.

Both the Camelback and Blue Knob developments made a substantial impact on their respective local economies during their first season. Both helped to stimulate local retail business and made it possible for a number of firms to retain employees who had normally been laid off during the winter. The Stroudsburg Chamber of Commerce reported that approximately 20 business establishments in the Pocono Mountain resort region were helped during the 1963-64 winter season by the opening and operation of the Camelback ski area. It was estimated that at least 150 persons employed by these firms owed their winter jobs to Camelback.

### **An Alternative for Depressed Areas**

The Federal land and water management agencies have demonstrated, over a period of years, that public investment in basic resource development has generated productive and fruitful private investment in recreational and travel facilities. The experience of Federal agencies charged with assisting economic development shows that public financing, when soundly based and effectively handled in cooperation with State and local communities, also generates new and productive private investment. Working together, Federal, State, and private groups are demonstrating that recreation and tourism can be decisive factors in the economic life of American communities.





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**John T. Connor, *Secretary***

**Area Redevelopment Administration**

**William L. Batt, Jr., *Administrator***

**February 1965**